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17	Court Recorder:	MONICA TARTAGLIA United States Bankruptcy		
18		Court 450 Golden Gate Avenue		
19		16th Floor San Francisco, CA 94102		
20	Transcriber:	SUSAN PATTERSON		
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24	Proceedings recorded by ele transcript provided by tran	_		
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	PG&E Corporation
1	SAN FRANCISCO, CALIFORNIA, WEDNESDAY, FEBRUARY 13, 2019,
2	<u>1:01 PM</u>
3	-000-
4	(Call to order of the Court.)
5	THE COURT: (Audio begins mid-sentence) but rather
6	I'll ask counsel to appear at the podium and identify yourself,
7	and if you come back again, please do it again for the court
8	reporter.
9	Well, look who's in the first chair.
10	MR. BENVENUTTI: Hello, Your Honor.
11	THE COURT: Are you appearing first today Mr.
12	Benvenutti?
13	MR. BENVENUTTI: Actually, I'm not, Your Honor. I
14	just happen to have this seat.
15	THE COURT: Oh, okay. Whose got the watch?
16	MR. KAROTKIN: Good afternoon, Your Honor. Stephen
17	Karotkin, Weil, Gotshal & Manges for the debtors.
18	THE COURT: Afternoon. Good to see you. Sorry about
19	the rain that we've laid on you here.
20	MR. KAROTKIN: That's okay. We have a motion on today
21	with respect to clarifying the wage order that was
22	THE COURT: Yeah.
23	MR. KAROTKIN: entered by the Court.
24	THE COURT: Well, it does more than that. Right?
25	MR. KAROTKIN: It does a little more than that, yes.

1 THE COURT: Yeah.

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MR. KAROTKIN: We are asking Your Honor -- in connection with the payment of compensation to certain employees, there were inadvertently thirty employees who were --

THE COURT: Right.

MR. KAROTKIN: -- over the cap. I think the motion is fairly self-explanatory. All but three of those employees are union-represented employees, and as we set forth in both Mr. Boken's declaration and in the pleading, none are officers and none are insiders.

THE COURT: One of the -- well, I have two sort of big-ticket questions about the motion.

The first one is at 6 o'clock last night, finally, there was some evidentiary support for the motion. And we've got to have a better understanding as to when you're going to -- in this case; again, this is not a run of the mill case, as you know, with the number of people involved and the number of parties. I think I'm going to insist that the debtor do a better job of providing the foundation for the facts. And even this document that was filed last night by the responsible person, itself, is hearsay. I mean, I realize for a motion of this nature, we don't need the name of everybody in the organization who knew the facts. But maybe one responsible employee of PG&E could have said -- someone in the employment

department or somewhere could say this is what happened in the records. But instead, we have a third party -- and again, I don't mean any criticism of the CRO, but you need to do a better job of foundation and timing.

MR. KAROTKIN: Okay.

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THE COURT: And I didn't mind, and I certainly do not mind expediting a hearing, particularly to correct something that was glitched. I mean, if some checks bounced because the banks didn't honor them, that's understandable, and it's not fair to the employees to get held up with that.

But if there's a number of other significant payments that should have been disclosed, then I'm wondering why are we doing it on such short notice when we have an omnibus hearing coming up, we have a committee that's now been designated. I don't know if they service; maybe you know more than I, but at least it seemed to me that the debtors have to give me -- the debtor's counsel has to make sure there's a foundation and a timing.

Now, that being said, I guess I should ask, are there any objections?

MR. KAROTKIN: Well, let me try to address a couple of your points.

THE COURT: Okay.

MR. KAROTKIN: And I apologize for the late

declaration. We really did not anticipate -- and this is not a

- good excuse -- that there would be any objections to this. The
- 2 U.S. Trustee notified us yesterday that they have some issues.
- 3 So we submitted the declaration.
- I will point out that Mr. Boken, who is the deputy
- 5 CRO, has been at the company for a few --
- 6 THE COURT: Oh, I have no doubt about that.
- 7 MR. KAROTKIN: -- a few months and does have personal
- 8 knowledge of all of this.
- 9 THE COURT: But he didn't say that.
- MR. KAROTKIN: All right.
- 11 THE COURT: What he said was what the debtors said.
- MR. KAROTKIN: Okay.
- 13 THE COURT: I mean, again, I don't want to turn this
- 14 into Evidence 101. But if he says what the debtor says, it's
- 15 hearsay. I'm not going to deny the motion. But why, for the
- 16 | wage or the larger portion of the thing, why couldn't it wait
- 17 until the two weeks -- the omnibus hearing?
- MR. KAROTKIN: Let me try to address that. There was
- 19 | a lot of -- there were a lot of people who were completely
- disconcerted by the fact that their checks bounced. And these
- 21 | are rank and file people.
- THE COURT: I know; that's no brainer. Of course,
- 23 they should be corrected.
- MR. KAROTKIN: And that was the reason that we thought
- 25 | it was appropriate to come on an emergency basis to get these

people their checks. A lot of these people have been working
up at the base camps where the fires were, inadvertently didn't
cash some old checks --

THE COURT: I might have signed that order ex parte.

5 MR. KAROTKIN: Okay. So --

THE COURT: Sure, somebody gets a check that doesn't get honored because the bank or for some other reason. But that's different from saying we forgot a bunch of other employees and we got a million-and-a-half or whatever the figure is for relocation expenses. Those didn't seem to be as time sensitive to me.

MR. KAROTKIN: Your point is well taken, sir.

THE COURT: Well, I think that we had the first hearing, and you and I know -- you lived through it more than I did -- in a matter of hours. Then we had a hearing in two days, and then we had radio silence, and then all of a sudden this motion comes in that corrects and fixes a necessary fix for people who were victims of a mix-up on checks. So as I say, I'm not kidding; I would have corrected that if I could have on my own.

But then we get this other thing with a combination of setting the hearing on two or three days' notice, but then no support for it until last night. And I'm not -- let's not have that happen again, that's all.

MR. KAROTKIN: Yes, sir.

1 THE COURT: Now, is there anyone in court or on the 2 phone in the case that wants to be heard in opposition to what 3 we're calling the emergency motion or expedited motion that Mr. 4 Karotkin has summarized. 5 MR. KAROTKIN: And just one thing. 6 THE COURT: Yup, okay. 7 MR. KAROTKIN: If you have any questions for Mr. 8 Boken --9 THE COURT: No, I don't. 10 MR. KAROTKIN: -- he's in court, and he can address 11 that. 12 THE COURT: I don't. I understand the whole point. 13 MR. KAROTKIN: Okay. 14 THE COURT: And I'm not your opponent here. 15 MR. KAROTKIN: Okay. Thank you, sir. 16 THE COURT: But make sure we get it -- if there're any 17 motions -- well, I understand -- my clerk told me an order for 18 shortened time came in today on something. Are you aware of 19 that? 20 MR. KAROTKIN: I'm not. 21 THE COURT: Okay. Well, check your inbox. 22 Something --23 MR. KAROTKIN: Maybe I should come here more often to 24 find out what's going on in the case. 25 THE COURT: I want to raise one other thing with you,

1 Mr. Karotkin, and that's again something that happened at the 2 first day hearing. And it didn't happen today, but I want to 3 make sure it doesn't happen again as we go forward in this 4 case. And that is I don't want to get presented an order that 5 grants more relief than the motion asks for. And that's fundamental pleading. If you sue somebody for a million 6 7 dollars, you can't get a default judgment for a million and one 8 dollar. So in my mind, in a case like this, if the debtor says 9 I'd like to do the following things on an expedited basis, A, 10 B, and C, and we all go, fine, and then I'm told, well, E and F 11 are in the order, that's not okay.

MR. KAROTKIN: No, of course not.

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THE COURT: But it happened; it happened last time.

And I signed an order. I forget which one it was, and I remember -- maybe, well, I don't remember what specifically it was. And I don't mind the proposed orders. I think that's a good practice that you're giving me and everybody else. Again, it's not just me; it's everyone else whose watching this case.

And so let's try to make sure that in the future that proposed orders don't ask for more than the moving papers asked for. So we have --

MR. KAROTKIN: I apologize for that. I certainly was not aware of that, and I apologize then.

THE COURT: Don't apologize. Let's just make sure it doesn't happen again.

1 MR. KAROTKIN: Yes, sir.

2 THE COURT: Okay. So I don't hear any -- well, maybe
3 I do from the U.S. Trustee. There's an issue on this -- what
4 did we call this -- confirming and correcting order? Ms.

5 Kelly.

MS. KELLY: Just briefly, Your Honor. Your Honor, obviously the motion does ask for some additional relief and is not simply the final order on the prior motion. We had spoken with debtors' counsel yesterday and pointed out the lack of evidence and asked for additional evidence, and the declaration, as Your Honor notes has been filed.

We had asked for a list of the employees. What is attached to the declaration is a list of employee titles --

THE COURT: Yeah, I saw that.

MS. KELLY: -- without names of employees. Now, debtors' counsel said, well, there's a PII sort of issue of personally identifiable information about people, but the thing is, these are creditors. If they're not on the creditors matrix, they should be added to the creditors matrix. These are creditors, and they're asking to pay these pre-petition creditors. Okay, that's what the motion's about. But they're asking, for some reason, to pay them without saying who they are.

I mean, there are several different people of the same title on here. There are several lineman; there are several of

- 1 various different things. Nobody knows which ones which.
- 2 | Counsel may think they know which person's which. They may
- 3 think they know that everybody agrees to these --
- 4 THE COURT: Oh, I doubt that -- I doubt that the
- 5 principal counsel know, but somebody in the company must know.
- 6 MS. KELLY: Well, somebody in the company may know who
- 7 they all are and have some basis for coming up with these
- 8 amounts, but this doesn't even really give notice to the
- 9 particular people: here you are, you're on this motion, we're
- 10 proposing to pay you X amount. I mean, they may think they are
- 11 owed some different amount.
- There really isn't any reason for this nondisclosure,
- and we've argued at the last hearing about what needs to be
- disclosed and what doesn't. But we just don't see why the
- names of creditors need to be withheld from this and just the
- 16 titles given. And so that is the one point.
- The rest of it, they have addressed. They filed the
- declaration. They've provided some evidence about it. But we
- 19 think that is needlessly withheld here.
- THE COURT: Well, what do you think I should do about
- 21 | it now? I mean, after the fact, the names of each and every
- 22 one of these people?
- MS. KELLY: Well, Your Honor, I think it could be
- 24 supplemented so that it's clear who exactly is being paid here.
- 25 How do we know -- if there's another motion and they say, oh,

we forgot a few backhoe operators and here's three more, how
can anyone distinguish who's who? Who is being paid here?

It's just -- they're all being referred to in some way that
doesn't specifically identify anybody.

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- So I think for that reason, we would request a further supplement, to the extent that there can be names added to the chart. And that would be the extent of it.
- THE COURT: Mr. Karotkin, what's your take on that?

 You only have 24,000 employees. You've got a list of them all.
 - MR. KAROTKIN: My take on it is, I don't understand why providing the names is relevant to the relief we're seeking, nor do I think it's appropriate to have the names filed in the courthouse reflecting how many --
- 14 THE COURT: How do you feel about making the names available to the U.S. Trustee?
- 16 MR. KAROTKIN: On a confidential basis?
- 17 THE COURT: Or perhaps to a creditors' committee.
- Again, I don't think anybody cares about a lineman or a
- 19 troubleman or anyone else on this list not getting paid. The
- question is whether it's appropriate to publicize in any way,
- 21 | you know, Joe Smith is being paid 2,000 for this. I mean, I
- 22 | would think that the U.S. Trustee or the creditors' committee
- could have that information if they wanted it.
- MR. KAROTKIN: We're happy to provide it. First of
- 25 | all, the creditors' committee's counsel is here and they --

THE COURT: Again, I don't know who the committee's counsel is yet, so.

MR. KAROTKIN: Yeah, I doubt that they want it, but if they want it, we're happy to provide it to them on a confidential basis. And if the U.S. Trustee thinks it's so critical to her analysis of this motion to have the names of these people, we will provide it to her on a confidential basis.

THE COURT: Well, let's try a different approach. At some point, the company has to -- the utility, and -- well, no, I guess both debtors -- have to complete their schedules, and the schedules will name the creditors, won't they?

MR. KAROTKIN: It will not name these people if you grant the relief, because they will have been paid.

THE COURT: Yeah, but the petition speaks as of the petition date. So if on the petition date someone is owed a hundred dollars or a million dollars, don't you think it should be scheduled? You take the view that a post-petition payment means the person isn't scheduled?

MR. KAROTKIN: Your Honor, I'm not accustomed to listing 24,000 employees on schedules with respect to prepetition wages. But if that's required, then it will be required.

24 THE COURT: Well, I'm just having a discussion -25 MR. KAROTKIN: Yeah.

1 THE COURT: -- to see what people think on it. 2 mean, you don't disagree in a run of the mill case --3 MR. KAROTKIN: No, I don't at all. 4 THE COURT: -- where there isn't a first day order. 5 And creditors have a right to be paid. We obviously follow a 6 procedure here in this case and in lots of cases of paying the 7 priority and frequently finding more than the priority of 8 individuals. You know, individuals. 9 MR. KAROTKIN: Yes, for sure. 10 THE COURT: We're not dealing with corporations, or 11 third parties, or anything else. Well, Ms. Kelly --12 MR. KAROTKIN: No, you're absolutely right that the 13 schedule should speak as of the petition date. You're 14 absolutely correct. 15 Yeah, again, I mean, the thought of having THE COURT: 16 to look at a list of schedules of 24,000 people is a little bit 17 daunting, but what if the company is wrong, and they underpay

to look at a list of schedules of 24,000 people is a little bit daunting, but what if the company is wrong, and they underpay somebody, and that person believes that he or she is owed 10,000 dollars and they only get paid 4,000 dollars. The schedules are presumptively allowed --

MR. KAROTKIN: Um-hum.

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22 THE COURT: -- or they -- alternatively, the person is going to have to file for the claim.

MR. KAROTKIN: Yes. And of course we would --

25 THE COURT: So one way or the other, it's got to get

1 resolved.

MR. KAROTKIN: And of course, we would give notice to all the employees to make sure that they have the opportunity to file a claim, and to the extent, Your Honor, that the schedules require that, we will comply -- certainly comply.

THE COURT: Well, Ms. Kelly, that -- I mean, if they comply with the schedules, then it seems to me that -- again, let's use our hypothetical. If the schedule says that Mr. X is a creditor for 10,000 dollars, and post-petition, Mr. X was paid 10,000 dollars pursuant to a first day order, both of those facts are true, right? And if Mr. X really believes that he's owed 20,000 dollars, he has a remedy, that thing called proof of claim.

MS. KELLY: That's right, Your Honor. The point is really that -- just that, that they are creditors in the case and that's really the part that was troubling. They are creditors in the case. Their names are going to be disclosed; they need to be in the schedules. It seemed that the debtor was not contemplating doing that, and so that is really the U.S. Trustee's point now. Yes, we'd like to see them on here on this chart, as well. If Your Honor is not inclined to grant that, they at least need to be in the schedules.

THE COURT: Well, I think there seems to be a consensus there that they agreed they need to be in the schedules. Going back to the second question, what else do we

1 need at this point? Do you care -- in other words, let's stick 2 with our hypothetical employee, Mr. X; in the schedules on page 3 318, he's the 21,000th creditor; he's listed as 10,000 dollars. 4 If subsequent to then, X has been paid that 10,000 dollars, 5 he's happy and that is a fact that is known. And the third 6 fact or the third issue is that if Mr. X is actually owed 7 20,000 dollars, he can file a proof of claim. You will see the 8 schedules, and everybody else will see them when they're filed. 9 Are you satisfied with that or do you need to know Mr. X's name 10 today matched up against his title? I'd be inclined to say if 11 you need to know it, then I'd take the suggestion that it be 12 made confidentially to you to do with. The question is, do you 13 want it? Does that provide some administrative remedy that you 14 think is useful or not? 15 The U.S. Trustee's point was really that MS. KELLY: 16 it should be part of the evidence in support of this motion,

it should be part of the evidence in support of this motion, that is should be part of the filed document. And that was what I came here today to say.

19 THE COURT: Okay.

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MS. KELLY: Yes --

THE COURT: Then I'm going to overrule that piece of it because I don't think it's useful in a broad sense. And if you want to have it so that it's truthful -- I mean, that sounds wrong; I'm assuming it's truthful to begin with. If you want to have it for some other reason to match it up and to see

- 1 | that the post-petition filing, such as today's motion, can be
- 2 verified, I think the debtor should make that available to you
- 3 on a confidential basis or to your office. And if
- 4 hypothetically -- or not hypothetically -- if, in fact, the
- 5 | creditors' committee wanted that information, they would be
- 6 entitled to it. I would probably agree with Mr. Karotkin; they
- 7 probably don't want it. But that's for another day.
- 8 And I guess the final thing, Mr. Karotkin, is whether
- 9 it's 24,000 creditors or 10 creditors, if the schedule shows
- 10 | that they are petition-day creditors but then subsequent to the
- 11 petition they were paid, that ought to be established some way.
- MR. KAROTKIN: Yes, sir.
- 13 THE COURT: Whether it's a schedule or a supplement to
- 14 the schedule or something.
- MR. KAROTKIN: Um-hum. Yup, yes, sir.
- 16 THE COURT: I'll leave that for another day, too.
- 17 Okay?
- MR. KAROTKIN: And I'll renew my offer. If counsel
- 19 | wants it on a confidential basis, we're more than happy to give
- 20 | it to --
- 21 THE COURT: Okay.
- MR. KAROTKIN: -- to counsel or to the committee. And
- again, we will be very careful to make sure the schedules
- comply in all respects with what's required.
- THE COURT: Okay.

- MR. KAROTKIN: And I apologize if I was suggesting otherwise. But no, we will surely do that.
- 3 THE COURT: You don't have to apologize any more.
- 4 MR. KAROTKIN: Okay. Thank you, sir.
- 5 THE COURT: Now, is there anything else we need to address on the 1 o'clock calendar?
- 7 MR. BRAY: Your Honor, it might be helpful for me to
 8 make my appearance. Gregory Bray, Milbank LLP; we're proposed
 9 counsel for the official creditors' committee.
- THE COURT: My pleasure.
- MR. BRAY: Since there was reference to us, I thought
 I should speak up.
- THE COURT: Can you just state your name again?
- MR. BRAY: Gregory Bray, B-R-A-Y, Your Honor.
- THE COURT: Okay. Mr. Bray, welcome to the Court.
- MR. BRAY: Thank you.

just heard?

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- 17 THE COURT: And you don't have a position on what you
- MR. BRAY: We're happy -- if it will help with the
- 20 process, we're happy -- FTI was also -- has been hired as the
- 21 committee's financial advisor. We can take a look at the names
- 22 | if that will help. We didn't see anything out of the ordinary
- course with the motion. But if that would help the situation,
- 24 we can certainly do that quickly.
- THE COURT: Is that our phone making a beep? Okay.

- 1 Thank you, Mr. Bray.
- 2 What else? So I'll be getting papers for you for
- 3 appointment?
- 4 MR. BRAY: Yes, Your Honor. We should have filed a
- 5 notice of appearance --
- 6 THE COURT: Well, you haven't had much time.
- 7 MR. BRAY: It's true. I believe the U.S. Trustee
- 8 filed the notice of appointment of the committee --
- 9 THE COURT: It did.
- MR. BRAY: -- and the committee members --
- 11 THE COURT: It did.
- MR. BRAY: -- and you've probably seen that.
- 13 THE COURT: Of course.
- MR. BRAY: So I won't waste your time, then, going
- 15 through that.
- 16 THE COURT: I've seen it. I read the docket instantly
- 17 | real time.
- MR. BRAY: Of course.
- 19 THE COURT: 24-7. I can name all the members of the
- 20 committee.
- MR. BRAY: Thank you, Your Honor.
- 22 THE COURT: And their counsel. But you haven't
- 23 appeared.
- All right. So one other question, then, Mr. Karotkin.
- 25 We have noticed the follow-up on ten motions that are

- carryovers on the 27th, and you've made plus six more. And are
- 2 | those all going to be filed? They're not filed yet, are they?
- 3 The new six, the six? I got the notice. I'm just -- I want to
- 4 get a preview of coming attractions between now and two weeks
- 5 from now. Maybe Ms. Kim knows.
- 6 MR. KAROTKIN: I don't think anything new was filed.
- 7 I think this is --
- 8 THE COURT: Well, the agenda that Ms. Kim provided for
- 9 us said that there's six new items. I just don't know what the
- 10 underlying --
- MS. KIM: I'm not sure about six. I know that there
- were three motions that were filed on the first day.
- THE COURT: Yeah, but they're not on your agenda for
- 14 the 27th.
- MS. KIM: They were on the agenda --
- 16 THE COURT: Well, you've got -- look, I can't remember
- 17 | if the six exactly. But one of them is an ordinary course of
- payments to professionals -- employment of professionals. One
- 19 of them is --
- MS. KIM: Yes.
- 21 THE COURT: -- retention of counsel. One of them is
- 22 utilities -- well, I think it's a different utility motion.
- MS. KIM: The utilities, payments --
- THE COURT: Okay.
- MS. KIM: -- the reclamation procedures, 503(b)(9)

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     procedures.
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              THE COURT: Right.
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              MS. KIM: The ordinary course professionals' interim
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     compensation, and I can't remember what the sixth one is.
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              MR. KAROTKIN: The case management.
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              THE COURT: Yeah. Yeah, so --
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              MS. KIM: Those have all been filed.
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              MR. KAROTKIN:
                             The case management.
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              MS. KIM: Oh, the case management procedures --
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              THE COURT: Well --
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              MS. KIM: -- motion, those have all been filed.
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              THE COURT: Well, that's what I'm not clear on.
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     some of them just filed, though?
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              MS. KIM: So --
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              THE COURT: Because some of the -- three of them were
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     filed with the original --
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              MS. KIM: Correct. Three of them were filed on the
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     first day; three of them were filed on the 12th. Wait, no,
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     sorry.
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              THE COURT: Well, the 12th was yesterday.
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              MS. KIM: The 6th -- February 6th.
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              THE COURT: What did you say?
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              MS. KIM: February 6th.
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              THE COURT: Okay. Well, I -- maybe I didn't see them
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     in the docket. I just want to make sure they're there.
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- 1 it's not just for me; you and your staff have been very helpful
- 2 to us. I'm talking about everybody else. So whether it's the
- formal committee or any other group, I just want to make sure
- 4 that -- and you're saying so -- that in the court docket, as of
- 5 now, that the matters that will be on for the 27th are there.
- 6 MS. KIM: Yes, and the notice of hearing should have
- 7 put in their docket numbers. So -- okay.
- 8 THE COURT: Maybe it did. I just haven't -- I really
- 9 haven't memorized --
- MS. KIM: Yup, um-hum.
- 11 THE COURT: -- all those things. But I --
- MS. KIM: Every matter that we have put in that notice
- 13 has been filed.
- 14 THE COURT: What I did is I looked over your agenda,
- and the agenda broke it down to the ten that carry over and the
- 16 six that are new.
- 17 MS. KIM: Um-hum.
- 18 THE COURT: And you clarified what I wasn't sure of as
- 19 to whether all six have been now filed, and you said yes.
- MS. KIM: Yes.
- 21 THE COURT: That's good enough for me. That's what I
- 22 needed to know.
- MS. KIM: Okay.
- 24 THE COURT: Okay. Then we'll take a five-minute break
- 25 until we go to the 1:30 calendar. So you're welcome to, all of

1 you here, to stay here or take a break, go out in the hall.

2 I'll be back in five minutes.

3 (Whereupon these proceedings were concluded at 1:25 PM)

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CERTIFICATION

I, Susan Patterson, certify that the foregoing transcript is a true and accurate record of the proceedings.

8 Parts

9 /s/ SUSAN PATTERSON, CDLT-174

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13 Phoenix, AZ 85020

15 Date: February 14, 2019

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A	approach (1) 13:9	14,18,21 B-R-A-Y (1)	7:6;8:21 checks (5)	course (9) 6:22;9:12;14:24;
A	appropriate (3)	18:14	5:8;6:20;7:1,3,18	15:2;18:23;19:13,18;
absolutely (2)	6:25;12:12,20	break (2)	claim (4)	20:17;21:3
14:12,14	argued (1)	22:24;23:1	14:23;15:4,13;16:7	Court (94)
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